

**ORIGINAL**  
**ICR Water Users Association**



0000062804



Arizona Corporation Commission

**DOCKETED**

SEP 08 2006

DOCKETED BY

*[Signature]*

September 6, 2006

Arizona Corporation Commission, Utilities Division  
ATTN: Mr. Ernest G. Johnson, Director  
1200 W. Washington  
Phoenix, Arizona 86007-2996

Re: Staff Response to ICR Water Users Association, Inc. Request to Extend Deadline in Decision No. 64630,  
Docket No. W-02824A-01-0450

Dear Mr. Johnson;

This letter is in response to the Staff Memorandum above dated August 25, 2006 regarding the recommendation that the Company file a financing application to request approval of any long-term loans.

In explanation of the Company Balance Sheet showing over 3.8 million dollars of long-term notes:

The amounts shown on the Balance Sheet are amounts owed to two developers of subdivisions within the Company's CCN as called for in Extension Agreements executed with those developers. The agreements executed with those developers we associated with CCN Expansion Request filings made to the Corporation Commission.

Decision No. 64667, Docket No. W-02824A-01-0900 includes a Findings of Fact, Item 7, that spells out this provision of the Extension Agreement with the developer of Whispering Canyon.

Decision No 64360, Docket No. W-02824A-01-0450 includes Findings of Fact, Item 8, that spells out this provision of the Extension Agreement with the developer of Talking Rock Ranch.

Thus far, these developers have turned over assets in excess of 3.8 million dollars. A corresponding liability has been included as Long-term Notes.

These developers continue to complete phases of these subdivisions and turn water system assets over to the Company as they are ready to operate so the company will continue to incur long term liabilities for some time.

The Company has interpreted the above decisions to include approval of the associated liabilities incurred under the Extension Agreements and that a separate financing approval is not required. Under the Agreements, the Company agrees to accept and operated the improvements when completed by the developer.

Copies of the Agreements can be provided to the Commission Staff if needed.

Sincerely,

*[Signature of Robert M. Busch]*  
Robert M. Busch  
MDI, Inc.

Manager, ICR Water Users Association

P.O. Box 5669, Chino Valley, AZ 86323

Phone: (928) 583-0741 Fax: (928) 583-9774

AZ CORP COMMISSION  
DOCUMENT CONTROL

2006 SEP - 8 P 2: 59

RECEIVED